

## SECTION 4 – IDENTIFY ECONOMIC PARTNER SECTOR RISKS

### I. OVERVIEW

The purpose of this section of the toolkit is to assist responding countries to assess their Y2K status and identify Y2K business risks arising from failure of the same or different sectors in the major economic partners. The objective of this section of the toolkit is as follows:

- **Identify Risks associated with each sector in each economic partner and their impacts on the responding country sector**

### II. ECONOMIC PARTNER RISK CHECKLIST INSTRUCTIONS

*Appropriate sector specialists with economic partner expertise for each responding country should complete this section for each sector.*

The Economic Partner Risk Checklist (in subsection IV) is designed to determine what risks Y2K failure of various economic sectors (in each economic partner) poses to the responding country's activities in each sector. The purpose of the exercise is to identify cross-economy dependent areas, to determine effects and severity of Y2K failure in economic partners and to determine what information is currently available to the responding country. The results of the checklist will be useful in determining where contingency planning will be necessary.

Additional references for this section that can be used to complete your worksheet include:

- Step-by-Step Examples throughout this section
- Definitions of Terms in this section

### IMPORTANT: LOOK AT THE SAMPLE CHECKLIST AS YOU GO

**1**

Complete each question in the checklist as follows:

- **'NO'** response indicates that the economic partner sector does not provide any services to the responding country sector.
- **'YES'** response requires a listing of the economic partner services used by the responding country sector being examined.

- 2** If the answer to the prior question was 'Yes', describe the impact of interruption or disruption of the services provided by the economic partner's sector, (preferably service by service.)
- 3** Estimate how long the responding country's activities in the sector examined could function without the services provided by the economic partner's sector, i.e. how long could back-up or alternate methods be used before business activities would have to be suspended?
- 4** Detail the responding country's information sources for Y2K preparedness of the economic partner's sector . Be as specific as possible, e.g. date of statement or information report, name of statement or document source. This will help to assess the reliability of information provided.

### *III. DEFINITIONS*

Cross-economy – Between the responding country and a given economic partner.

Services – Support activities that the related sector provides to the source sector.

#### IV. EXAMPLE WORKSHEET TABLE

The example below is provided to give responding countries an illustration of potential responses.

#### ECONOMIC PARTNER RISK CHECKLIST FOR FINANCE

Responding Country: X

Sector: FINANCE

Economic Partner: Y

Economic Partner	CUSTOMS Sector
As CUSTOMS services of the Economic Partner by the FINANCE sector of the responding country? If No, proceed to ENERGY	Yes/No
	NO
Input materials (input service)	N/A
Have you the responding country? FINANCE sector of the responding country? If No, proceed to ENERGY	Yes/No
	N/A
What information do you have on the Y2K preparedness of the economic partner of the CUSTOMS sector?	N/A
Economic Partner	ENERGY Sector
As ENERGY services of the Economic Partner by the FINANCE sector of the responding country? If No, proceed to ENERGY	Yes/No
	Logically, only the responding country
Input materials (input service)	Disruption of the economic partner's services
Have you the responding country? FINANCE sector of the responding country? If No, proceed to ENERGY	Yes/No
	Yes
What information do you have on the Y2K preparedness of the economic partner of the ENERGY sector?	Country has no Y2K

## SECTION 5 – ANALYZE ECONOMIC PARTNER SECTOR RISKS

### I. OVERVIEW

The purpose of this section of the toolkit is to assist responding countries to analyze Y2K risks in each of the five sectors (Customs, Energy, Finance, Telecommunications, and Transportation) of their economy, in relation to the corresponding sectors in each critical economic partner. The objectives of this section of the toolkit are as follows:

- **Determine Risk Probabilities for each critical Economic Partner sector**
- **Analyze Risks for each critical Economic Partner sector**
- **Optionally diagram Economic Partner risk probabilities and impacts**

### II. INSTRUCTIONS

*Appropriate sector specialists with economic partner expertise for each responding country should complete this section for each sector.*

An optional template is provided as an aid to visualizing the relative importance of these risks.

Additional references for this section that can be used to complete your worksheets include:

- Step-by-Step Examples throughout this section
- Definitions of Terms in this section

### IMPORTANT: LOOK AT THE REFERENCED TABLE AS YOU GO

**1**

For each sector of the responding country, determine the probability of failure in each of the five sectors of the economic partner . Enter the results in the Economic Partner Risk Probability Table. The probability of failure is clearly a subjective judgement that is based on available information. Possible sources of information include:

- Replies to economic partner Y2K surveys conducted by the responding country.
- Communications from embassies of responding countries in critical Economic Partner countries.
- Relevant international reports and industry publications
- Economic Partner web pages
- Other sources

Should all sources be exhausted leaving you with little or no reliable information from which to assess the probability of failure, a “medium” probability rating may be appropriate. The key is to be consistent by assigning the same probability to all sectors that lack credible information.

- 2 Conduct a review of the Economic Partner Risk Checklist responses in Section 4. Develop a summary list of risks. List these risks in the Economic Partner Risk Analysis Table. For each risk identified include the following:
  - Impact of the risk on the sector, i.e., **HI, MED, LO**
  - Related sector, i.e., Energy, Telecommunication, etc.
  - Probability of sector failure, **HI, MED, LO**
  - Organization in the Economic Partner country that is responsible for mitigating the risk. i.e., Dept. of Energy of the Economic Partner, Responding country embassy in the Economic Partner Country, US State Department, etc.
- 3 Prioritize the risks identified by considering both the impact of the risk and the probability of sector failure as follows:

<b>Impact</b>	<b>HI</b>	Priority = 2	Priority = 1	Priority = 1
	<b>MED</b>	Priority = 3	Priority = 2	Priority = 1
	<b>LO</b>	Priority = 3	Priority = 3	Priority = 2
		<b>LO</b>	<b>MED</b>	<b>HIGH</b>
<b>Probability</b>				

- 4 As an OPTIONAL step, you may list these risks in the Economic Partner Risk Analysis Matrix. Each risk is placed in the rectangle, which corresponds to the risk’s impact and probability of sector failure assessments.

### III. DEFINITIONS

Economic Partner Risk Analysis: An analysis of risks caused by critical Economic Partner Sector failures with respect to the impact and probability.

**Economic Partner Sector:** The sector in the Economic Partner country that can take appropriate actions to prevent identified risks.

**Probability of Sector Failure:** The likelihood of a particular sector failure in the Economic Partner.

**Priority:** Rank-order identified risks (each row of the Economic Partner Risk Analysis Table) with respect to their relative importance.

### IV. SAMPLE ASSESSMENT RESULTS TABLES

- A. The example below is provided to give responding countries an illustration of potential responses.

**ECONOMIC PARTNER RISK PROBABILITY TABLE**

**Responding Country:** X  
**Responding Sector:** FINANCE  
**Economic Partner:** Y

Economic Partner Sector	Probability of Failure			
	HI	MED	LO	N/A
CUSTOMS				X
ENERGY				
			X	
FINANCE				
			X	
TELECOMM				
		X		
TRANSPORT				
		X		

B. The example below is provided to give responding countries an illustration of potential responses.

ECONOMIC PARTNER RISK ANALYSIS TABLE

Responding Country: X  
Responding Country State:  
Economic Partner: Y

FINANCE



Economic Partner Risk Analysis Summary List of Risks Identified from Inventory and Checklist

Source Sector	Risk Identified	Input	Economic Partner	Economic Partner Sector	Probability of Sector Failure	Action Office	Priority	Contingency Strategy
Finance	Counterfeit Bank Foreign Exchange	HI	OO	Finance	LO	Country OO Embassy Dept	2	
Finance	Local Importer Default	HI	OO	Transport	MED	Local Embassy	1	
Finance	Local Importer	HI	OO	Finance	LO	State Dept	2	
Finance	Financial Institution	MED	OO	Transport	MED	Local Embassy	2	

- C. The example below is provided to give responding countries an illustration of potential responses.

### ECONOMIC PARTNER RISK ANALYSIS MATRIX

**Responding Country: X**  
**Responding Sector: FINANCE**  
**Economic Partner: Y**

<b>IMPACT</b> 	<b>HI</b>	Banking Electrical Power outage	Telephone	
	<b>MED</b>		Public Transportation	
	<b>LO</b>			
		<b>LO</b>	<b>MED</b>	<b>HI</b>
<b>PROBABILITY</b> 				



## SECTION 6 – ESTABLISH ECONOMIC PARTNER CONTINGENCY STRATEGIES FOR SECTOR

### I. OVERVIEW

The purpose of this section of the toolkit is to assist responding countries to review the results of “Economic Partner Risk Analysis” and to determine a contingency strategy for each of the risks identified in the “Economic Partner Risk Analysis” table, which was developed in the previous section. The objective of this section of the toolkit is as follows:

- **Identify actions necessary to mitigate Responding Country risks associated with failures in a sector of the Economic Partner Country**
- **Determine unique challenges created by Y2K-related problems**
- **Evaluate the responding country existing plans that address similar scenarios**
- **Determine contingency strategy**

### II. INSTRUCTIONS

*Appropriate sector specialists with economic partner expertise for each responding country should complete this section for each sector.*

The responding country should complete the “Contingency Strategy” column in the “Economic Partner Risk Analysis” table.

Additional references for this section that can be used to complete your worksheets include:

- Step-by-Step instructions throughout this section
- Definitions of Terms in this section

**IMPORTANT: LOOK AT THE REFERENCED TABLE AS YOU GO**

- 1** Review the risks identified in section 5 for the responding country sector and consider the sectors of the Economic Partner that can mitigate the identified risk.
- 2** In the “Contingency Strategy” column, list actions that can be taken to mitigate the risks in each of the Source Sectors in the event of failure or disruption. Identified actions are subjective and should be based on brainstorming for potential solutions. Prioritize the actions and list the most viable solutions in the “Contingency Strategy” column.

### III. SAMPLE CONTINGENCY STRATEGY TABLE

The example below is provided to give responding countries an illustration of potential responses.

#### ECONOMIC PARTNER RISK ANALYSIS TABLE

Responding Country: X  
Responding Country: NSACRE  
Economic Partner: Y

Economic Partner Risk Analysis D Summary Inventory of Risks Identified from

Source Sector	Risks Identified	Impact	Economic Partner	Economic Partner Sector	Probability of Sector Failure	Action Office	Priority	Contingency Strategy
Finance	Correspondent Banking Foreign Exchange	HI	ÖYÖ	Finance	LO	Country XÖ Treasury Dept.	2	Exercise an advisory role to curtail Foreign exchange activities with Country ÖYÖ
Finance	Loss of Telephone Data Telecom.	One Hour	ÖYÖ	Telecom.	MED	Local embassy	1	Local embassy negotiates with country ÖYÖ Telecom. Dept.
Finance	Loss of Electric Power	HI	ÖYÖ	Energy	LO	State Dept.	2	Promote acquisition of back up generators for critical applications in country ÖYÖ
Finance	Failure in Public Transportation	MED	ÖYÖ	Transportation	MED	Local embassy	2	Non planned